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Income & Equity Index Participation Fund

Energy Plus Income Trust

Citadel Stable S-1 Income Fund

Sustainable Production Energy Trust

Equal Weight Plus Fund

CGF Resource 2006 Flow-Through Limited Partnership

Financial Preferred Securities Corporation

ENERGY PLUS INCOME TRUST

ANNUAL REPORT 2007

Energy Plus Income Trust

Energy Plus Income Trust (the "Fund" or "Energy Plus") is a closed-end investment trust which became listed on the Toronto Stock Exchange upon closing of its initial public offering on November 16, 2004. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the Administrator with the prior approval of the unitholders of the Fund by special resolution passed at a meeting called for such purpose.

For 2007, Energy Plus paid total cash distributions of $0.9996 per unit based on monthly distributions of $0.0833 per unit compared to total cash distributions of $1.20 per unit in 2006.

INVESTMENT HIGHLIGHTS:

	2007	2006	2005
Net Assets per Unit [1]	**$ 6.48**	$ 8.59	$ 12.49
Market Price per Unit [1]	**$ 6.09**	$ 8.06	$ 11.72
Trading Premium (Discount)	**(6.0%)**	(6.2%)	(6.2%)
Cash Distributions per Unit	**$ 0.9996**	$ 1.2000	$ 1.0602
Trailing Yield [2]	**16.4%**	14.9%	9.0%
Market Capitalization ($ millions)	**$ 54.4**	$ 78.9	$ 103.5

[1] Net assets and market price per unit are based on year end values.
[2] Trailing yield is based on the last 12 months cash distributions declared expressed as a percentage of market price.

Management Report of Fund Performance

(March 20, 2008)

This report for the years ended December 31, 2007 and 2006 includes both the management report of fund performance, containing financial highlights, and the audited annual financial statements of Energy Plus Income Trust.

Unitholders may contact us by calling toll-free 1-877-261-9674 or by visiting our website at www.citadelfunds.com to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure or quarterly portfolio disclosure.

INVESTMENT OBJECTIVES AND STRATEGIES

Energy Plus' investment objectives are to provide investors with monthly cash distributions and to achieve a total return on the portfolio over the term of the Fund that is greater than the total return provided by the S&P/TSX Capped Energy Trust Index over the same period. The investment manager will seek to achieve these objectives by selecting and actively managing a diverse portfolio of oil and gas trusts and other resource-based securities.

RISK

There are a number of risks associated with an investment in Energy Plus Income Trust. The principal risks include, but are not limited to, market and income risk. Market risk is the exposure to market price changes in the securities held within the portfolio which have a direct effect on the net asset value of the Fund. Income risk arises from a number of factors related to the operational performance of the issuers of the securities held in the Fund's portfolio. These risks include the effects of fluctuations in commodity prices, foreign currency conversion rates and interest rates and include general business operation risks, any of which may affect the issuers' income and as a result

reduce distributions to its unitholders and the value of its units. Diversification and active management by the Fund's investment manager of the securities held in the portfolio may reduce these risks.

INCOME TRUST TAX

Bill C-52, an Act to implement certain provisions of the budget tabled in Parliament on March 19, 2007, was given Royal Assent on June 22, 2007 thereby passing into law the Government's imposition of a tax on income trusts starting in 2011. Since the announcement of the income trust tax in October 2006, takeover activity in the trust sector has been significant. We expect that a significant level of takeover activity will persist in the trust sector during the next few years as trusts consider tax mitigating restructuring alternatives leading up to 2011. The tax on income trusts does not directly impact Energy Plus, however the tax will impact many of the holdings within its portfolio.

RESULTS OF OPERATIONS

The overall income trust sector experienced much higher redemptions in 2007 relative to 2006 despite having produced a positive total return of 6.6% in 2007 compared to negative 2.8% in 2006. In addition to the negative funds flow into the trust sector, weakness in the energy sector along with confirmation of the new tax on trust distributions commencing in 2011 weighed on energy trust valuations. Despite record high oil prices in 2007, energy related trusts were hampered by the rising $Cdn and escalating costs as well as soft natural gas prices and the prospect of Alberta royalty rate increases.

As a result of these negative market conditions, the Fund's mandatory unit repurchases and annual redemption, Energy Plus' net assets declined from $84.1 million at December 31, 2006 to $57.9 million at December 31, 2007. The additional proceeds from the March 2007 rights offering were more than offset by declining valuations and unit repurchases/redemptions in the year. On March 22, 2007, the Fund completed its rights offering with the issuance of 2,280,519 units at $7.00 per unit for gross proceeds of $16.0 million. On December 28, 2007, unitholders exercised their redemption privilege and redeemed 2,792,301 units at a redemption price of $6.35 per unit for a total cost of $17.7 million. On a per unit basis, the Fund's net assets decreased from $8.59 per unit at December 31, 2006 to $6.48 per unit at the end of 2007 due to portfolio devaluations and the dilutive effect of the rights offering.

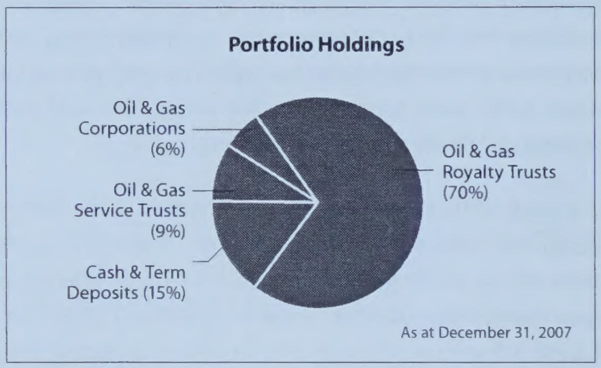
The Fund's market price also declined over the period, from $8.06 per unit at December 31, 2006 to $6.09 per unit at the end of 2007. Energy Plus' market price decline plus monthly cash distributions produced a negative 13.0% total return for 2007, while the Fund generated a negative 13.1% total return on a net assets basis. By comparison, the S&P/TSX Energy Trust Index returned a positive 3.3% over the same period.

Total revenue for 2007 declined to $9.1 million from $11.5 million in 2006 due primarily to a lower asset base from unit redemptions and reductions in distributions from the oil and gas trusts. Administrative and investment manager fees, which were paid in units and cash, are calculated in reference to the Fund's net asset value, totaled $1.0 million in 2007 compared to $1.4 million for 2006 due to lower average net asset value in 2007. On December 1, 2007, the Fund commenced paying these fees in cash, rather than in units of the Fund, in accordance with the Fund's administrative services agreement. Trailer fees, which are also calculated in reference to the Fund's net asset value, declined to $0.3 million in 2007 from $0.5 million in 2006. The Fund utilized varying levels of leverage throughout the year, with loan interest of $0.4 million in 2007 compared to $0.8 million in 2006. The Fund reduced its leverage in the latter part of the year in anticipation of the annual December redemption. At December 31, 2007, the Fund had no leverage compared to $16.5 million at the end of 2006. General and administrative costs, including portfolio transaction costs and other expenses, totaled $0.7 million for 2007 up from $0.3 million in 2006. The reason for the increase relates to the inclusion of portfolio transaction costs of $0.4 million in 2007 which are not reflected in the 2006 figures due to the implementation of the new accounting standard on financial instruments. After total expenses of $2.5 million, the Fund generated net investment income of $6.7 million or $0.59 per unit for 2007. By comparison, net investment income was $8.5 million or $0.80 per unit for 2006 primarily due to higher revenue year over year.

The Fund realized significant losses of $13.4 million on the sale of investments as poor market valuations prevailed and turnover remained high throughout 2007 compared to realized gains of $0.6 million in 2006. In addition, the Fund experienced unrealized losses of $2.9 million in 2007 compared to unrealized losses of $35.0 million in 2006. As a result, the Fund generated total results of operations of negative $9.6 million or negative $0.84 per unit in 2007 compared to negative results of operations of $25.9 million or negative $2.42 per unit in 2006.

During 2007, Energy Plus paid monthly cash distributions of $0.0833 per unit for a total of $11.3 million or $0.9996 per unit compared to $12.8 million or $1.20 per unit in 2006. Effective January 1, 2007, the Fund reverted back to its original monthly distribution rate of $0.0833 per unit from the $0.10 per unit that was paid throughout 2006 in light of declining distribution receipts and anticipated lower realized gains.

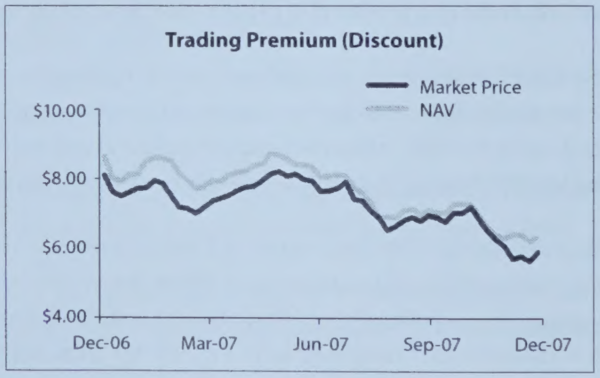
Energy Plus uses leverage as part of its investment strategy to acquire additional portfolio securities and enhance yield. The Fund maintains a 364 day revolving credit facility with a maximum limit of $25 million. The facility bears interest at either the bank's prime rate or bankers' acceptance rate plus a fixed percentage. During 2007, the Fund's minimum and maximum borrowings were nil and $16.5 million respectively.



The Fund's portfolio mix has remained materially consistent despite significant dispositions made in December in order to fund the year end annual redemption. As a result of these dispositions, the Fund increased its cash position to 15.2% at December 31, 2007 from 0.2% at December 31, 2006.

TRADING PREMIUM / DISCOUNT TO NET ASSET VALUE

For 2007, the Fund's market price traded at an average discount to its net asset value per unit of 5.5% compared to an average discount of 4.6% for 2006. With this discount, Energy Plus repurchased 500,700 units at an average cost of $7.22 per unit for 2007 under its mandatory repurchase program compared to 453,100 units at an average cost of $10.27 per unit for 2006. Under the Fund's mandatory repurchase program, the Fund is obligated to repurchase units offered for sale at a discount to net asset value of greater than 5%, subject to 1.25% per quarter of the units outstanding.



RECENT DEVELOPMENTS

Investment Fund Governance Legislation

During 2006, Canadian securities regulators passed legislation requiring independent oversight over the management of Canadian investment funds. National Instrument 81-107 - Independent Review Committee for Investment Funds ("NI 81-107") came into effect on November 1, 2006. Energy Plus' three person Independent Review Committee ("IRC") was formed on April 1, 2007 and became fully operational on November 1, 2007. The main responsibility of the IRC is to govern over perceived conflicts of interest between investment funds, their managers and related third parties. Policies and procedures were adopted on November 1, 2007 and the Fund was in full compliance with NI 81-107 at that time.

New Accounting Standards
The Canadian Institute of Chartered Accountants issued Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments - Disclosure and Presentation", Section 3865 "Hedges" and Section 1530 "Comprehensive Income" which became effective for financial statements relating to fiscal years beginning on or after October 1, 2006. These sections prescribe the criteria for recognition and presentation of financial instruments on the statement of net assets and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized. The Fund is required to designate its financial instruments into one of the following five categories: (i) held for trading, (ii) available for sale, (iii) held to maturity, (iv) loans and receivables, or (v) other financial liabilities.

Section 3855 further establishes a standard for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short securities. Prior to the implementation of this new standard, the fair value of financial instruments traded in an active market was generally based on the closing price for the day. Section 3855 also requires that portfolio transaction costs incurred in the purchase and sale of investments be charged to net income in the period incurred. Prior to this new standard these costs were added to the cost of the investments purchased or deducted from the proceeds of sale. Section 3855 has been applied prospectively without restatement of prior periods. An adjustment has been made to the opening net assets in the Statement of Changes in Net Assets in order to reflect the effect on investments held at December 31, 2006, of following section 3855 with respect to recording the fair value of investments at bid prices.

All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net income and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost. All derivative financial instruments, including derivative features embedded in financial instruments or other contracts which are not considered closely related to the host financial instrument or contract, are generally classified as held for trading and therefore must be measured at fair value with changes in fair value recorded in net income. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net income. Upon adoption on January 1, 2007, the Fund was not party to any derivative contracts. Portfolio investments and loan payable were classified as held for trading and all other financial assets were classified as loans or receivables and are accounted for on an amortized cost basis. All remaining financial liabilities were classified as other financial liabilities.

As outlined in National Instrument 81-106 Section 14.2, the net asset value ("NAV") of an investment fund is to be calculated in accordance with Canadian GAAP. The Canadian Securities Administrators ("CSA") granted temporary relief to investment funds from complying with Section 3855 for the purpose of calculating and reporting of NAV (other than for financial reporting purposes) to permit review of the suitability of these financial reporting requirements for purposes other than the financial statements. This relief period has been extended until September 30, 2008. The CSA has proposed amendments to NI 81-106 that will permit funds to have two different net asset values; one for financial statements which will be prepared in accordance with Canadian GAAP (referred to as "net assets" or "net assets per unit"); and another for all other purposes (referred to as "net asset value" or "net asset value per unit"). Until that time, the Fund intends to calculate NAV under the old method, specifically using closing rather than bid prices, for all purposes other than financial statements. This Management Report of Fund Performance has been prepared based on the proposed amendments and the December 31, 2007 annual financial statements have been presented in accordance with the new accounting rules.

Section 1530, "Comprehensive Income", introduces a new financial statement "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising

from non-owner sources including changes in the fair value of the effective portion of cash flow hedging instruments. As required, prior periods have not been restated as a result of implementing Section 1530.

Future Accounting Pronouncements

The CICA issued three new accounting standards in 2007, section 1535, "Capital Disclosures", section 3862, "Financial Instruments – Disclosures", and section 3863, "Financial Instruments – Presentation". These standards become effective for the Fund in 2008. These new sections will place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Fund manages those risks.

Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose of this section will be to allow users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Sections 3862 and 3863 will replace section 3861, "Financial Instruments – Disclosure and Presentation", which will revise and enhance the disclosure requirements and will carry forward unchanged its presentation requirements.

FORWARD LOOKING STATEMENTS

This document contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond our control, including the impact of general economic conditions in Canada and the United States, industry conditions, changes in laws and regulations, including the Canadian Income Tax Act, fluctuations in interest rates, commodity prices and foreign exchange, stock market volatility, and market valuations of income and royalty trusts. Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of these events anticipated by the forward looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, that we will derive therefrom. The forward looking statements contained in this annual report are expressly qualified by this cautionary statement. Except as may be required by applicable securities law, we undertake no obligation to publicly update or revise any forward looking statements.

RELATED PARTY TRANSACTIONS

N.A. Energy Management Inc. ("NAEM") is the administrator of Energy Plus, which is a member of the Citadel Group of Funds. CIFSG Funds Inc. provides administrative services to the administrators of the Citadel Group of Funds on a cost recovery basis. All non-fund specific costs are allocated among the Citadel Group of Funds on a relative net asset value basis.

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units or cash monthly in arrears. On December 1, 2007, the Fund commenced paying these fees in cash, rather than in units of the Fund, in accordance with the Fund's administrative services agreement. The administrator is also reimbursed for all general and administrative expenses that relate to the operation of the Fund.

FINANCIAL HIGHLIGHTS

The following tables show selected key financial information about the Fund and are intended to help the reader understand the Fund's financial performance. This information is derived from the Fund's audited annual financial statements for each year since inception to December 31, 2007.

Net Assets per Unit ("NAPU")

	2007	2006	2005	2004[1]
NAPU, beginning of period	**$ 8.59**	$ 12.49	$ 9.52	$ 9.40
Increase (decrease) from operations:				
Total revenue	**0.80**	1.08	1.24	0.11
Total expenses	**(0.21)**	(0.28)	(0.24)	(0.03)
Realized gains (losses)	**(1.17)**	0.06	1.53	0.03
Unrealized gains (losses)	**(0.26)**	(3.28)	1.43	0.09
Total increase (decrease) from operations	**(0.84)**	(2.42)	3.96	0.20
Distributions:				
From net investment income	**0.67**	0.93	1.06	0.08
From capital gains	**–**	0.06	–	0.02
Return of capital	**0.33**	0.21	–	–
Total cash distributions	**1.00**	1.20	1.06	0.10
NAPU, end of period	**$ 6.48**	$ 8.59	$ 12.49	$ 9.52

[1] The Fund commenced operations on November 16, 2004.

NAPU and cash distributions per unit are based on the actual number of units outstanding at the time. The December 31, 2007 NAPU is based on bid prices and all prior NAPU are based on closing prices. The increase (decrease) from operations is based on the weighted average number of units outstanding over the financial period. This schedule is not a reconciliation of NAPU since it does not reflect unitholder transactions as shown on the Statement of Changes in Net Assets and accordingly columns may not add.

Ratios and Supplemental Data

	2007	2006	2005	2004
Net assets ($ 000's)	**$ 57,921**	$ 84,081	$ 110,220	$ 106,406
Number of units outstanding	**8,936,389**	9,788,710	8,826,861	11,171,679
Management expense ratio	**2.33%**	2.56%	2.21%	1.80%
Portfolio turnover ratio	**61.81%**	105.64%	133.11%	7.18%
Trading expense ratio	**0.51%**	0.68%	0.87%	1.71%
Closing market price	**$ 6.09**	$ 8.06	$ 11.72	$ 9.96

Management expense ratio is based on total expenses (excluding portfolio transaction costs) for the period and is expressed as an annualized percentage of weekly average net assets during the period.

Portfolio turnover ratio is based on the lesser of cost of purchases or proceeds of disposition and is expressed as a percentage of the monthly average portfolio value. The portfolio turnover rate indicates how actively the Fund's investment manager manages the portfolio investments. There is not necessarily a relationship between a high turnover rate and the performance of a fund.

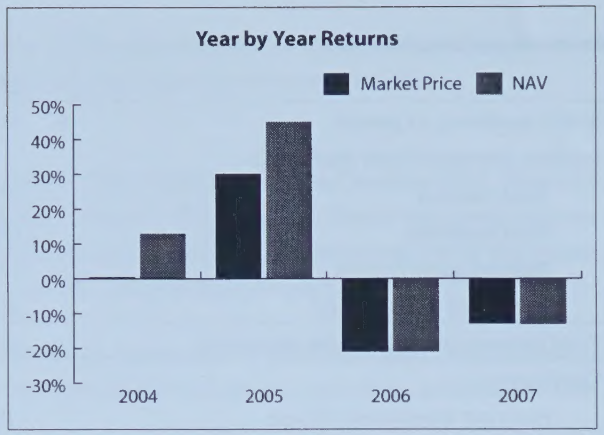
Trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net assets during the period.

MANAGEMENT FEES

Pursuant to the administrative services agreement, total annual administrative and investment management fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units or cash monthly in arrears. On December 1, 2007, the Fund commenced paying these fees in cash, rather than in units of the Fund, in accordance with the Fund's administrative services agreement. Galileo Equity Management Inc., as investment manager to the Fund, provides investment management services to the Fund in exchange for a portion of the management fee. These fees represent payment for the administrative and investment management services provided to the Fund.

PAST PERFORMANCE

Energy Plus' performance numbers represent the annual compound total returns over the period from inception in November 2004 to December 31, 2007 (except for returns of less than one year which are compound total returns). Total returns are based upon both the Fund's change in market price and net assets per unit plus the reinvestment of all distributions in additional units of the Fund.



Returns do not take into account sales, redemptions or income taxes payable that would have reduced returns. Past performance of the Fund does not necessarily indicate how it will perform in the future.

ANNUAL COMPOUND RETURNS

In the table below are the annual compound returns for Energy Plus based on market price and net assets per unit with comparison to the S&P/TSX Capped Energy Trust Index for the periods indicated to December 31, 2007. The S&P/TSX Capped Energy Trust Index is a total return based on a market cap weighted index of energy Global Industry Classification Standards of the income trust sector. In 2007, Energy Plus' net assets return underperformed the index due to its overweight position in royalty trusts and corporations that were more focused on natural gas drilling and production. These natural gas weighted royalty trusts and corporations have been adversely affected by soft natural gas prices and the prospect of Alberta royalty rate increases.

	1 Year	3 Year	Since inception
Energy Plus (market price)	(12.95%)	(3.63%)	(3.07%)
Energy Plus (net assets)	(13.09%)	(0.12%)	0.52%
S&P/TSX Capped Energy Trust Index	3.26%	14.02%	15.65%

SUMMARY OF INVESTMENT PORTFOLIO

As at December 31, 2007

Net Assets: $57,920,879

Portfolio by Sector	% of Net Assets
Oil & Gas Royalty Trusts	89.3%
Oil & Gas Service Trusts	11.8%
Oil & Gas Corporations	8.1%
Trust units repurchased for cancellation	0.1%
Cash and Term Deposits	19.7%
Liabilities, net of other assets	(29.0%)
Total Net Assets	100.0%

TOP HOLDINGS (as a % of net assets)

Zargon Energy Trust	11.8%	Paramount Energy Trust	5.7%
Crescent Point Energy Trust	10.7%	Fording Canadian Coal Trust	4.3%
Progress Energy Trust	10.3%	Essential Energy Services Trust	4.2%
NAL Oil & Gas Trust	10.0%	Mullen Group Income Fund	3.3%
Bonavista Energy Trust	9.8%	Eastern Platinum Ltd.	3.1%
Baytex Energy Trust	9.8%	Highpine Oil & Gas Ltd.	2.1%
Fairborne Energy Trust	9.6%	Pacific Stratus Energy Ltd.	1.7%
Daylight Energy Trust	5.9%	Crew Energy Inc.	1.2%
Vermilion Energy Trust	5.9%		

The summary of investment portfolio may change due to ongoing portfolio transactions. Quarterly updates are available at www.citadelfunds.com.

Management's Responsibility Statement

The financial statements of Energy Plus Income Trust have been prepared by N.A. Energy Management Inc. ("NAEM") and approved by the Board of Directors of NAEM. NAEM is responsible for the information and representations contained in these financial statements and the other sections of the annual report.

NAEM maintains appropriate procedures to ensure that relevant and reliable financial information is produced. These statements have been prepared in accordance with accounting principles generally accepted in Canada and include certain amounts that are based on estimates and judgments. The significant accounting policies applicable to the Trust are described in Note 2 to the financial statements.

The Board of Directors of NAEM is responsible for ensuring that management fulfills its responsibilities for financial reporting and has reviewed and approved these financial statements. The Board carries out this responsibility through the Audit Committee, which is comprised of the independent directors of the Board.

The Audit Committee on behalf of NAEM and its Board of Directors has appointed the external audit firm of PricewaterhouseCoopers LLP. They have audited the financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to unitholders their opinion on the financial statements. The auditors have full and unrestricted access to the Audit Committee to discuss their findings.

James T. Bruvall
Chief Executive Officer
N.A. Energy Management Inc.

Darren K. Duncan
Chief Financial Officer
N.A. Energy Management Inc.

March 20, 2008

Auditors' Report to Unitholders

To the Unitholders of Energy Plus Income Trust

We have audited the statements of net assets and investments of Energy Plus Income Trust as at December 31, 2007 and 2006, and the statements of operations and comprehensive income, changes in net assets and cash flows for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of management of the Fund's Administrator. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the net assets and investments of the Fund as at December 31, 2007 and 2006 and the results of its operations, the changes in its net assets and cash flows for the years ended December 31, 2007 and 2006 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta
March 20, 2008

Statement of Net Assets

As at December 31	2007	2006
Assets		
Investments, at market	$ 63,343,630	$ 101,562,223
Cash and term deposits	11,389,617	818,172
Receivable from investments sold	1,184,849	6,343,867
Revenue receivable	595,656	941,528
Accounts receivable	–	252,794
Prepaid expenses	55,989	56,037
	76,569,741	109,974,621
Liabilities		
Redemption payable	17,731,111	8,258,577
Distributions payable	744,401	978,871
Accounts payable and accrued liabilities	117,538	103,096
Payable for investments purchased	55,812	53,310
Loan payable (note 8)	–	16,500,000
	18,648,862	25,893,854
Net Assets representing Unitholders' Equity	$ 57,920,879	$ 84,080,767
Units outstanding (note 3)	8,936,389	9,788,710
Net Assets per unit	$ 6.48	$ 8.59

see accompanying notes

Signed on behalf of the Board,

Harold P. Milavsky
Chairman of the Board

James T. Bruvall
Director and Chief Executive Officer

Statement of Operations & Comprehensive Income

For the years ended December 31		2007		2006
Revenue				
Distribution income	$	**9,020,957**	$	11,447,018
Interest income		**111,169**		48,894
		9,132,126		11,495,912
Expenses				
Administrative and investment manager fees (note 4)		**1,016,744**		1,370,698
Portfolio transaction costs (note 9)		**441,466**		–
Loan interest (note 8)		**357,103**		817,843
Trailer fee (note 5)		**335,987**		469,492
General and administration costs		**108,213**		134,866
Directors' fees		**81,121**		73,733
Trustee fees		**31,472**		20,980
Audit fees		**23,495**		22,122
Legal fees		**21,665**		16,041
Custodial fees		**16,414**		24,031
Reporting costs		**23,615**		32,737
		2,457,295		2,982,543
Net investment income		**6,674,831**		8,513,369
Net realized gain (loss) on sale of investments (note 6)		**(13,392,889)**		603,596
Net change in unrealized gain (loss) on investments		**(2,930,113)**		(35,035,832)
Total results of operations and comprehensive income	$	**(9,648,171)**	$	(25,918,867)
Results of operations per unit [1]				
Net investment income		$ **0.59**		$ 0.80
Net realized gain (loss) on sale of investments		**(1.17)**		0.06
Net change in unrealized gain (loss) on investments		**(0.26)**		(3.28)
		$ **(0.84)**		$ (2.42)

[1] Based on the weighted average number of units outstanding.

see accompanying notes

Statement of Changes in Net Assets

For the years ended December 31	2007	2006
Net Assets – beginning of year	**$ 84,080,767**	$ 110,219,909
Fair Value Adjustment: (note 2)		
Adjust January 1, 2007 to bid prices	**(580,319)**	–
Operations:		
Net investment income	**6,674,831**	8,513,369
Net realized gain (loss) on sale of investments	**(13,392,889)**	603,596
Net change in unrealized gain (loss) on investments	**(2,930,113)**	(35,035,832)
	(9,648,171)	(25,918,867)
Unitholder Transactions: (note 3)		
Issuance of trust units, net	**16,402,829**	24,936,806
Proceeds from distribution reinvestment plan	**282,007**	521,262
Redemption of trust units	**(17,731,111)**	(8,258,577)
Repurchase of trust units	**(3,615,397)**	(4,655,064)
	(4,661,672)	12,544,427
Distributions to Unitholders: (note 7)		
From net investment income	**(7,566,564)**	(9,855,757)
From capital gains	**–**	(603,596)
Return of capital	**(3,703,162)**	(2,305,349)
	(11,269,726)	(12,764,702)
Net Assets – end of year	**$ 57,920,879**	$ 84,080,767
Distributions per unit	**$ 0.9996**	$ 1.2000

see accompanying notes

Statement of Cash Flows

For the years ended December 31	2007	2006
Cash flows from operating activities:		
Net investment income	$ 6,674,831	$ 8,513,369
Fees paid in trust units	891,733	1,342,388
Net change in non-cash working capital	15,247,211	(18,539,774)
Purchase of investments	(58,077,862)	(150,824,265)
Proceeds from sale of investments	79,393,133	140,795,734
	44,129,046	(18,712,546)
Cash flows from financing activities:		
Proceeds from issuance of trust units, net	15,511,096	23,649,095
Proceeds from distribution reinvestment plan	282,007	521,262
Increase (decrease) in loan payable	(16,500,000)	16,500,000
Cash distributions to unitholders	(11,504,196)	(12,764,702)
Redemption of trust units	(17,731,111)	(8,258,577)
Repurchase of trust units	(3,615,397)	(4,655,064)
	(33,557,601)	14,992,014
Net increase (decrease) in cash and term deposits	10,571,445	(3,720,532)
Cash and term deposits, beginning of year	818,172	4,538,704
Cash and term deposits, end of year	$ 11,389,617	$ 818,172

Supplementary Information

Interest paid	$ 357,103	$ 817,843

see accompanying notes

Statement of Investments

	December 31, 2007				December 31, 2006			
	Number of Units Held	Cost	Market Value	% of Market	*Number of Units Held*	Cost	Market Value	% of Market
Oil & Gas Royalty Trusts								
Baytex Energy Trust	*300,000*	$ 6,652,726	$ 5,670,000		*330,000*	$ 7,469,899	$ 7,352,400	
Bonavista Energy Trust	*200,000*	6,223,637	5,676,000		*300,000*	9,329,924	8,445,000	
Crescent Point Energy Trust	*250,000*	4,736,495	6,172,500		*480,000*	9,145,640	8,448,000	
Daylight Energy Trust	*475,000*	6,231,115	3,415,250		*350,000*	4,893,694	3,573,500	
Fairborne Energy Trust	*850,000*	8,773,081	5,533,500		*500,000*	5,827,209	5,225,000	
Focus Energy Trust	–	–	–		*350,000*	7,380,866	6,363,000	
NAL Oil & Gas Trust	*500,000*	7,843,299	5,775,000		*460,000*	7,541,174	5,662,600	
Paramount Energy Trust	*525,000*	8,418,697	3,286,500		*325,000*	6,062,090	4,030,000	
PennWest Energy Trust	–	–	–		*100,000*	3,967,462	3,557,000	
Progress Energy Trust	*550,000*	7,892,295	5,951,000		*600,000*	8,782,816	7,542,000	
Trilogy Energy Trust	–	–	–		*245,000*	4,890,508	2,793,000	
Vermilion Energy Trust	*100,000*	3,220,332	3,406,000		*186,000*	5,913,210	6,510,000	
Zargon Energy Trust	*299,100*	8,036,793	6,819,480		*250,000*	6,821,933	6,197,500	
		68,028,470	51,705,230	69.2%		88,026,425	75,699,000	73.9%
Oil & Gas/Service Corporations								
Bankers Petroleum Ltd.	–	–	–		*1,600,000*	1,817,892	1,040,000	
Crew Energy Inc.	*100,000*	1,320,083	724,000		*100,000*	1,544,650	1,230,000	
Denison Mines Corp.	–	–	–		*130,000*	957,966	1,534,000	
Eastern Platinum Ltd.	*625,000*	1,436,437	1,787,500		–	–	–	
Highpine Oil & Gas Ltd.	*125,000*	2,133,883	1,241,250		*150,000*	3,291,034	2,355,000	
Horizon North Logistics Inc.	–	–	–		*5,000*	16,250	17,800	
Khan Resources Inc.	–	–	–		*402,300*	1,121,516	1,480,464	
Midnight Oil Exploration Ltd.	–	–	–		*400,000*	1,652,200	948,000	
Pacific Stratus Energy Ltd.	*79,000*	1,128,681	969,330		–	–	–	
Paladin Resources Ltd.	–	–	–		*157,000*	799,028	1,251,290	
ProEx Energy Ltd.	–	–	–		*78,500*	1,154,495	1,008,725	
Strateco Resources Inc.	–	–	–		*400,000*	1,152,398	1,020,000	
Western Prospector Group Ltd.	–	–	–		*500,000*	1,925,519	2,725,000	
		6,019,084	4,722,080	6.3%		15,432,948	14,610,279	14.3%
Oil & Gas Service Trusts								
CCS Income Trust	–	–	–		*50,000*	1,770,700	1,887,500	
Deep Well Energy Services Trust	–	–	–		*160,000*	1,705,178	1,184,000	
Essential Energy Services Trust	*800,000*	5,393,994	2,440,000		–	–	–	
Fording Canadian Coal Trust	*65,000*	2,421,519	2,494,700		–	–	–	
High Arctic Energy Services Inc.	–	–	–		*450,000*	5,325,183	2,709,000	
Mullen Group Income Fund	*110,000*	2,985,518	1,925,000		*179,200*	5,206,059	3,349,248	
Trinidad Energy Services Income Trust	–	–	–		*150,000*	2,092,469	2,070,000	
		10,801,031	6,859,700	9.2%		16,099,589	11,199,748	10.9%
Energy Plus units – repurchased for cancellation	*9,500*	55,527	56,620	0.1%	*6,600*	53,310	53,196	0.1%
Investments		84,904,112	63,343,630	84.8%		119,612,272	101,562,223	99.2%
Cash and Term Deposits		11,389,617	11,389,617	15.2%		818,172	818,172	0.8%
Total		$ 96,293,729	$ 74,733,247	100.0%		$ 120,430,444	$ 102,380,395	100.0%

All of the oil & gas royalty trusts and oil & gas service trusts are trust units, while all of the oil & gas corporations and service corporations are common shares.

Notes to Financial Statements

December 31, 2007 and 2006

1. **STRUCTURE OF THE FUND**

Energy Plus Income Trust (the "Fund" or "Energy Plus") is a closed-end investment trust established under the laws of Alberta pursuant to a Declaration of Trust dated as of September 23, 2004. The Fund commenced operations upon completion of its initial public offering on November 16, 2004. The Fund does not have a fixed termination date but may be terminated at any time upon not less than 90 days written notice to the Administrator with the prior approval of the unitholders of the Fund by special resolution passed at a meeting called for such purpose.

2. **SIGNIFICANT ACCOUNTING POLICIES**

These financial statements, prepared in accordance with Canadian generally accepted accounting principles, include estimates and assumptions by management that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the period. Actual results may differ from these estimates. The following is a summary of the significant accounting policies.

(a) Cash and term deposits

Cash consists of cash on hand and short term bankers' acceptances with maturities of less than 90 days on acquisition.

(b) Valuation of investments

Investments are valued at fair value. The fair value of securities which are actively traded are valued at bid price as published on the recognized stock exchange on which the investment is listed or principally traded. Prior to January 1, 2007, investments were generally valued at the closing price. The fair value adjustment from the closing price as at December 31, 2006, to the closing bid price for investments at December 31, 2007, is reflected in the Statement of Changes in Net Assets. Investments not traded on the valuation date are valued at the average of the closing bid and ask prices. Average cost is used to compute realized and unrealized gains or losses on investments. Investment transactions are recorded on the trade date.

(c) Canadian income taxes

The Fund qualified as a unit trust within the meaning of the Income Tax Act (Canada). Provided the Fund distributes to its unitholders its net income for tax purposes, the Fund will not generally be liable for income tax under Part 1 of the Income Tax Act (Canada). As all taxable income was allocated to unitholders, no provision for income taxes has been made in these financial statements.

(d) Investment income

Dividend income is recorded on the ex-dividend date, interest is recognized as earned and distribution income is recognized on the ex-distribution date. Capital gains and losses are recognized on the trade date.

(e) New Accounting Standards

The Canadian Institute of Chartered Accountants issued Section 3855 "Financial Instruments – Recognition and Measurement", Section 3861 "Financial Instruments - Disclosure and Presentation", Section 3865 "Hedges" and Section 1530 "Comprehensive Income" which became effective for financial statements relating to fiscal years beginning on or after October 1, 2006. These sections prescribe the criteria for recognition and presentation of financial instruments on the statement of net assets and the measurement of financial instruments according to prescribed classifications. These sections also address how financial instruments are measured subsequent to initial recognition and how the gains and losses are recognized. The Fund is required to designate its financial instruments into one of the following five categories: (i) held for trading, (ii) available for sale, (iii) held to maturity, (iv) loans and receivables, or (v) other financial liabilities.

Section 3855 further establishes a standard for the fair valuation of investments as well as the accounting treatment of transaction costs. Section 3855 requires that the fair value of financial instruments which are traded in active markets be measured based on the bid price for long securities and the ask price for short securities. Prior to the implementation of this new standard, the fair value of financial instruments traded in an active market was generally based on the closing price for the day. Section 3855 also requires that portfolio transaction costs incurred in the purchase and sale of investments be charged to net income in the period incurred. Prior to this new standard these costs were added to the cost of the invest-

ments purchased or deducted from the proceeds of sale. Section 3855 has been applied prospectively without restatement of prior periods. An adjustment has been made to the opening net assets in the Statement of Changes in Net Assets in order to reflect the effect on investments held at December 31, 2006, of following section 3855 with respect to recording the fair value of investments at bid prices.

All financial instruments are to be initially measured at fair value. Financial instruments classified as held for trading or available for sale are subsequently measured at fair value with any change in fair value recorded in net income and other comprehensive income, respectively. All other financial instruments are subsequently measured at amortized cost. All derivative financial instruments, including derivative features embedded in financial instruments or other contracts which are not considered closely related to the host financial instrument or contract, are generally classified as held for trading and therefore must be measured at fair value with changes in fair value recorded in net income. However, if a derivative financial instrument is designated as a hedging item in a qualifying cash flow hedging relationship, the effective portion of changes in fair value is recorded in other comprehensive income. Any change in fair value relating to the ineffective portion is recorded immediately in net income. Upon adoption on January 1, 2007, the Fund was not party to any derivative contracts. Portfolio investments and loan payable were classified as held for trading and all other financial assets were classified as loans or receivables and are accounted for on an amortized cost basis. All remaining financial liabilities were classified as other financial liabilities.

Section 1530, "Comprehensive Income", introduces a new financial statement "Statement of Comprehensive Income" and provides guidance for the reporting and display of other comprehensive income. Comprehensive income represents the change in equity of an enterprise during a period from transactions and other events arising from non-owner sources including changes in the fair value of the effective portion of cash flow hedging instruments. As required, prior periods have not been restated as a result of implementing Section 1530.

The fair values of the Fund's financial instruments which are comprised of cash and term deposits, revenue receivable, accounts receivable, receivable from investments sold, prepaid expenses, investments, accounts payable and accrued liabilities, payable for investments purchased, distributions payable, redemption payable and loan payable approximate their carrying amount due to the short-term maturity of these instruments.

(f) Future Accounting Pronouncements

The CICA issued three new accounting standards in 2007, section 1535, "Capital Disclosures", section 3862, "Financial Instruments – Disclosures", and section 3863, "Financial Instruments – Presentation". These standards become effective for the Fund in 2008. These new sections will place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the Fund manages those risks.

Section 1535 establishes disclosure requirements about an entity's capital and how it is managed. The purpose of this section will be to allow users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Sections 3862 and 3863 will replace section 3861, "Financial Instruments – Disclosure and Presentation", which will revise and enhance the disclosure requirements and will carry forward unchanged its presentation requirements.

3. UNITHOLDERS' CONTRIBUTION

Authorized

The authorized capital of the Fund consists of an unlimited number of trust units which are transferable redeemable units of beneficial interest.

Issued and outstanding	**December 31, 2007**		December 31, 2006	
	Number	**Amount**	Number	Amount
Trust units – beginning of year	**9,788,710**	**$ 93,670,321**	8,826,861	$ 81,125,894
Issued for services (note 4)	**120,694**	**891,733**	122,687	1,287,711
Issued under DRIP	**39,467**	**282,007**	50,334	521,262
Issuance of trust units, net	**2,280,519**	**15,511,096**	2,206,715	23,649,095
Repurchase and redemption of trust units	**(3,293,001)**	**(21,346,508)**	(1,417,887)	(12,913,641)
Trust units – end of year	**8,936,389**	**$ 89,008,649**	9,788,710	$ 93,670,321

The weighted average number of units outstanding for the year ended December 31, 2007 was 11,405,340 units (2006 – 10,694,320 units).

On March 23, 2007, the Fund closed a rights offering which resulted in the issuance of 2,280,519 trust units for net proceeds of $15.5 million. Each unitholder of record on February 15, 2006 received one right for each trust unit held. Three rights entitled the holder to purchase one trust unit for a price of $7.00.

On February 6, 2006, the Fund closed a rights offering which resulted in the issuance of 2,206,715 trust units for net proceeds of $23.6 million. Each unitholder of record on January 9, 2006 received one right for each trust unit held. Four rights entitled the holder to purchase one trust unit for a price of $10.85.

The Fund has a mandatory repurchase program whereby units offered for sale at a discount to the Fund's net asset value per unit of greater than 5% are repurchased for cancellation, subject to a maximum of 1.25% in each calendar quarter of the total number of units outstanding at the beginning of each such quarter. For the year ended December 31, 2007, the Fund repurchased 500,700 units at an average cost of $7.22 per unit under this program (2006 – 453,100 units at an average cost of $10.27 per unit).

Unitholders have the right to redeem their units on an annual basis in December of each year. The redemption value is net asset value less the costs of and associated with selling sufficient investments to meet the redemption amount. In December 2007, unitholders redeemed a total of 2,792,301 trust units at a redemption value of $6.35 per unit for a total of $17.7 million (2006 - 964,787 trust units at a redemption value of $8.56 per unit for a total of $8.3 million).

Unitholders of Energy Plus can acquire additional units by participating in the Distribution Reinvestment Plan ("DRIP"). The DRIP enables unitholders to reinvest their monthly distributions in additional units of the Fund at the 5 day weighted average market price of the Fund's units. For the year ended December 31, 2007, a total of 39,467 units (2006 – 50,334 units) were issued under the DRIP.

4. ADMINISTRATIVE AND INVESTMENT MANAGER FEES / DIRECTORS' FEES

N.A. Energy Management Inc. ("NAEM") is the administrator of the Fund and therefore a related party to the Fund. Galileo Equity Management Inc. is the investment manager of the Fund. Pursuant to the administrative services and investment management agreements, total annual administrative and investment manager fees are based upon 1.1% of the aggregate average weekly net asset value of the Fund, payable in units or cash monthly in arrears. Effective December 1, 2007, the Fund commenced paying these fees in cash in accordance with the Fund's administrative services agreement. For the year ended December 31, 2007, the Fund issued 120,694 trust units and paid cash fees of $125,011 for a total expense of $1,016,744 (2006 – 122,687 units for a total expense of $1,370,698) in respect of the administrative and investment management fees earned during the period. The administrative services agreement also provides for the reimbursement of certain expenses incurred by the administrator during the performance of its duties. As at December 31, 2007, included in accounts payable were amounts owed from NAEM of $54,984 (2006 - $252,794 in accounts receivable).

Directors of NAEM received a total of $62,500 cash in 2007 (2006 - $62,500) as payment for their annual retainers.

5. TRAILER FEE

Energy Plus pays a trailer fee to investment dealers calculated and payable quarterly in arrears at an annual rate of 0.40% of the net asset value of the Fund held by unitholders in accounts with investment dealers. For the year ended December 31, 2007, the Fund recorded an expense of $335,987 (2006 - $469,492) relating to the trailer fee.

6. **INVESTMENTS**

The net realized gain (loss) on the sale of investments was determined as follows:

For the years ended December 31	2007	2006
Proceeds from the sale of securities	$ 79,393,133	$ 140,795,734
Less cost of securities sold:		
Investments at cost – beginning of year	119,612,272	108,980,145
Investments purchased during year	58,077,862	150,824,265
Investments at cost – end of year	(84,904,112)	(119,612,272)
Cost of investments disposed of during year	92,786,022	140,192,138
Net realized gain (loss) on sale of investments	$ (13,392,889)	$ 603,596

7. **DISTRIBUTIONS**

The Fund pays out monthly cash distributions based upon cash distributions received by the Fund less estimated expenses. For the years ended December 31, 2007 and 2006, the Fund also distributed a portion of its realized capital gains and/or return of capital.

For the years ended December 31	2007	2006
Net investment income for the year	$ 6,674,831	$ 8,513,369
Add fees paid by issuance of units	891,733	1,342,388
Capital distributed	3,703,162	2,908,945
Cash distributions	$ 11,269,726	$ 12,764,702
Cash distributions per unit	$ 0.9996	$ 1.20

8. **LOAN FACILITY**

The Fund maintains a credit facility with a Canadian chartered bank for up to a maximum amount of $25 million. An amount of nil was drawn on the facility as of December 31, 2007 (December 31, 2006 – $16.5 million). The credit facility is a revolving facility that will revolve until November 14, 2008 and for a further 364 days at the option of the bank. Borrowings are collateralized by a general security agreement which provides a first floating charge over the Fund's assets. The facility bear interest at the bank's prime lending rate or at rates slightly below prime if incurred by way of bankers' acceptances. The maximum borrowings in 2007 totaled $16.5 million, while the minimum amount drawn was nil.

9. **PORTFOLIO TRANSACTION COSTS**

For the year ended December 31, 2007, the Fund incurred portfolio transaction costs of $441,466 (2006 – $790,391) and they are recorded separately in the Statement of Operations for 2007 only, as per Note 2(e).

Corporate Information

ADMINISTRATORS

Citadel Diversified Management Ltd.
Citadel S1 Management Ltd.
Citadel TEF Management Ltd.
Citadel CPRT Management Ltd.
Citadel Series Management Ltd.
Equity Lift Management Ltd.
N.A. Energy Management Inc.
Stable Yield Management Inc.
Sustainable PE Management Inc.
Equal Weight Management Ltd.
CGF Funds Management Ltd.
CGF Resource FT Funds Management Ltd.
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(CTD.un, SDL.un, CHF.un, CRT.un, SRC.un and CSR.un)

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Toronto, Ontario M5H 3S5

INVESTMENT MANAGER
(EPF.un, SPU.un and CGF Resource 2006)

Galileo Equity Management Inc.
161 Bay Street, Suite 4730
Toronto, Ontario M5J 2S1

INVESTMENT MANAGER
(CPF.un)

Fiera YMG Capital Inc.
1501 McGill College Avenue, Suite 900
Montreal, Quebec H3A 3M8

REBALANCING ADVISOR
(IEP.un, EQW.un and FPR.pr.a)

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Calgary, Alberta T2T 5R6

INDEPENDENT REVIEW COMMITTEE

Stephen Allan – Chairman
John Watson
Duane Keinick

DIRECTORS AND OFFICERS

Harold P. Milavsky - Chairman of the Board
Micheline Bouchard - Director
Doug D. Baldwin - Director
Kent J. MacIntyre - Director
James T. Bruvall - Director and Chief Executive Officer
Darren K. Duncan - Chief Financial Officer
Joseph F. MacDonald - Executive V.P. Sales & Marketing

TRUSTEE

Computershare Trust Company of Canada
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Calgary, Alberta T2P 3S8

CUSTODIAN

CIBC Mellon Global Securities Services Company
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Toronto, Ontario M5H 4A6

LEGAL COUNSEL

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4300 Bankers Hall West
888 - 3rd Street S.W.
Calgary, Alberta T2P 5C5

AUDITORS

PricewaterhouseCoopers LLP
3100, 111 - 5th Avenue S.W.
Calgary, Alberta T2P 5L3

STOCK EXCHANGE LISTINGS

The Toronto Stock Exchange
Citadel Diversified Investment Trust units: **CTD.un**
Citadel S-1 Income Trust Fund units: **SDL.un**
Citadel HYTES Fund units: **CHF.un**
Citadel SMaRT Fund units: **CRT.un**
Citadel Premium Income Fund units: **CPF.un**
Series S-1 Income Fund units: **SRC.un**
Income & Equity Index Participation Fund units: **IEP.un**
Energy Plus Income Trust units: **EPF.un**
Citadel Stable S-1 Income Fund units: **CSR.un**
Sustainable Production Energy Trust units: **SPU.un**
Equal Weight Plus Fund units: **EQW.un**
Financial Preferred Securities Corporation shares: **FPR.pr.a**
CGF Resource 2006 Flow-Through Limited Partnership units: not listed

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